



*Their Future in our Hands*

*Prospectus for Bures Primary School and Ferriers Barn*



To members of the local community,

Green Energy Nayland (GEN) started life as an idea from Transition Nayland (a local sustainability group) and has developed to become an award winning Community Energy Co-operative with national recognition as a pioneering local response to climate change and rising energy prices. Through the Transition network, GEN was approached by Transition Bures to assist with their plans to improve their energy security and reduce CO2 from their community buildings.

Following a number of discussions with the Transition Bures committee, GEN agreed to partner with them to offer financial support and the organisational structure to seek investment to fund renewable energy systems on community buildings within Bures. We have two projects in mind; the Bures Primary School is having a new classroom built with an ideal south facing roof. This project would be very similar to our first project at Nayland Primary School.

The second site is Ferriers Barn; a day centre for young disabled people. It is sustained mainly through voluntary contributions with some local government funding to provide a place where young people with physical disabilities can develop their abilities and lead a more fulfilling life.

GEN is now looking for local people in a position to invest £250 or more to allow these solar PV installations to proceed. Investors will receive annual interest payments on their investment whilst the host buildings will benefit from cheap, green electricity. In both cases this will allow precious money to be used for their primary objective. The scheme will reduce the carbon footprint of the local community whilst contributing to a more resilient local energy supply. Obviously this is a *community investment* rather than a stake in a FTSE 100 company! – but it is not completely altruistic in that it is a way of gaining a fair return on your capital whilst contributing to your community at the same time.

Please read this prospectus for full details of how the scheme works including the terms and conditions. I hope that once you find out more you will be keen to join us in this exciting venture.

Will Hitchcock

Founding Member and Director, Green Energy Nayland

## Background

In late 2010 a small group of Nayland residents set about forming a Community based renewable energy co-operative.

The idea for Green Energy Nayland evolved from discussion about how to increase local renewable energy supply – in particular the idea of installing renewable energy systems on public buildings. There are obviously a number of benefits to this approach - cheaper electricity for the building and community groups, reduced environmental impact and increased local resilience. Such schemes are a key part of the Government's UK energy strategy which states that by 2020 at least 15% of our energy needs will have to come from renewable sources and made possible by the guaranteed income offered through the Feed in Tariffs (FIT) programme.

The result was the formation of Green Energy Nayland (GEN), an award winning Community Energy Co-operative, which in May 2011, successfully installed a large 84 panel solar array on Nayland Primary School. This first scheme has resulted in a first year generation of 17,682kWh electricity, saving the school approximately £1,000 in electricity costs and paying 7.2% interest to the local investors – truly a win-win for all involved.

Following the successful launch of GEN with the Nayland Primary School solar array, we are now seeking additional investment to proceed with further projects.

This prospectus outlines GEN's plan to install solar PV systems at two locations in Bures; Ferriers Barn Day Centre and Bures Primary School.

GEN is now looking for investors with between £250 and £20,000 to invest in a long term, low risk, moderate return investment of this nature. The terms and conditions of the investment are set out in this document.

## Ferriers Barn

The roof of the barn was not ideal for mounting of solar panels and so we propose to use the field next to the barn where we will mount panels on a frame. This gives us complete control over the orientation of the panels.

We plan to install a 9.66kWp system costing approximately £17,176. A planning application based on this design has been made to Braintree District Council.

We have a draft agreement with the Trustees of the barn in order to secure the site for the full 25 year term.

## Bures Primary School

As part of the move to a two-tier education system in Suffolk the Bures Primary School is having a new building constructed that will hold two new classrooms. This building is to the rear of the school on ground previously occupied by garages.

The roof faces south but only has a gently sloping roof and therefore frames will be required to achieve the optimal angle.

We have been working with the school's project manager for some time and are close to finalising the design. This is likely to have a capacity just below the 10kWp threshold and the cost should be close to that of Ferriers Barn.

We have begun discussions with Suffolk County Council to formulate an agreement for using the roof.

## Financing

We plan to raise all the money required to fund both installations through this share issue.

Investing in Green Energy Nayland should be seen as a social investment rather than a purely financial one. Your money will be used to improve the sustainability of the local community and increase our resilience to volatile energy prices. It should be seen as a long term investment because the shares cannot be sold to someone else and GEN's income will limit the number of withdrawals that can be made each year (see explanation of 'Withdrawal of Shares' on page 10).

## Income

The Feed In Tariff introduced in the 2008 Energy Act provides a guaranteed price per kilowatt hour (kWh) for renewable energy generation. The Feed In Tariff takes the form of a 25 year agreement with an electricity Supplier at an initial price, which then rises in line with RPI over the life of the agreement. The initial rate for new projects is reviewed periodically but once a FiT agreement is signed the rate will rise with RPI and is not affected by such reviews.

The Feed In Tariff is made up of two parts, the Generation Tariff and the Export Tariff.

### Energy Performance Certificate

The Autumn 2011 FiT review introduced a requirement that buildings should already be relatively energy efficient to encourage home owners to invest in the most cost effective improvements. This was done by introducing a lower rate for buildings that failed to achieve a D or higher EPC rating.

We have had an inspection carried out at Ferriers Barn to confirm that the building will achieve a D rate and therefore attract the higher FiT shown below.

### Generation Tariff

The level of the Generation Tariff is based on the peak capacity of the installed solar photo-voltaic system.

| Peak Capacity | Generation Tariff |
|---------------|-------------------|
| 4kWp - 10kWp  | 16.8p / kWh       |
| 10kWp - 50kWp | 15.2p / kWh       |

The efficiency of the solar panels will decrease very slightly over the years at a rate of about 0.7% and this is factored into our projections.

The Generation Tariff payments come from the electricity company that supplies Ferriers Barn and the School. The payments will be signed directly over to GEN.

### Export Tariff

During daylight hours, when Ferriers Barn is in operation, most of the electricity generated will be used on site. However, at weekends and during holiday periods, there is likely to be an excess and this is exported to the national grid for use elsewhere.

The contracted electricity Supplier has to pay an additional 3.1p / kWh for this. Since the cost of installing a meter capable of measuring the export is quite high the FiT rules state that this amount be 'deemed' to be 50% of the total generation from the site.

Ferriers Barn and the School will pay GEN for the solar-generated electricity they use (also 'deemed' at 50% of generation). This represents a significant saving on the current price of conventional electricity and over the term this advantage is likely to increase significantly.

### Total Income in Year 1

Industry standard figures place the most likely solar yield at 850kWh per kWp based on the location of Bures and the direction and angle of the sites – although there are obviously variables that can affect this.

The table below shows potential incomes based on average, lower than average and higher than average estimates for annual yield of a 10kWp system.

| Panel Yield (kWh per kW peak) | Annual kWh Generated | Income Estimate |
|-------------------------------|----------------------|-----------------|
| 800                           | 7728                 | £1,298          |
| <b>850</b>                    | <b>8211</b>          | <b>£1,379</b>   |
| 900                           | 8694                 | £1,460          |

### Running Costs

We anticipate entering a maintenance contract with the selected supplier at an estimated cost of around £300 a year. However since a solar PV system has very few moving parts the probability of serious mechanical failure is slim, the main risk being failure of the inverter, which converts the panel output to mains voltage.

### Return on Investment

As a Member of GEN you will share in the profits of the Society overall. This means that your annual interest payment will depend upon the results from all our projects including the first installation at Nayland Primary School. Likewise returns for investors in the first share offer will be affected by the success of these projects.

### Nayland Primary School

The key facts for the Nayland Primary School project are as follows;

|   |             |
|---|-------------|
| Capacity                                    | 15.54kWp    |
| Initial Generation Tariff Rate <sup>+</sup> | 32.9p / kWh |
| Initial Export Tariff Rate                  | 3.1p / kWh  |
| Generation in 2011*                         | 12,667kWh   |

|                 |        |
|-----------------|--------|
| Income in 2011* | £4,960 |
| Profit*         | £3,446 |
| Issued Shares   | 37,900 |

\* - the rate from 31st March will be 34.5p / kWh

\* - the system was commissioned on 1st May 2011 so these figures are for 7 months only

The accounts for the first year are available on request.

## How does Green Energy Nayland operate?

Green Energy Nayland (GEN) is an Industrial & Provident Society for the benefit of the community. As such it is regulated by the Financial Services Authority under the Industrial & Provident Societies Act of 1965 (as amended) with goals to benefit the wider community as well as private individuals. It is owned and democratically managed by its Members who are protected by limited liability status. It is governed by the Rules of the society, which are approved by, and registered with the FSA.

Key aspects of GEN are;

- it is run by the Directors to generate renewable energy in and for the community of Nayland and surrounding parishes, through promoting, funding, installing and operating renewable energy systems.
- the Directors aim to provide a financial return on investments through annual interest payments generated by the Government Feed In Tariffs
- it has a single class of shares with a nominal value of £1 – there is no scope for capital appreciation in the value of the shares
- shares are not transferable, in other words they cannot be sold or given to another person
- the Directors aim to allow withdrawals, although this cannot be guaranteed
- each member has a single vote regardless of the size of their investment
- no member may hold more than the maximum permitted by law - currently £20,000 shares
- the Directors are elected by the Members each year at the Annual General Meeting
- only Members may serve as a Director
- assets cannot be sold;

Approval for this expansion of our activities will be sought from existing members before issue to the general public.

## Technical Background

The amount of electricity that can be generated by such a system is determined by three main factors;

1. the peak capacity of the system (kWp),
2. the intensity of the sunlight, and
3. the angle of the panels in respect to the sun.

The site at Ferriers Barn has an almost optimal situation of an un-shaded south facing slope.

The new classroom at Bures Primary School has a low angle sloping, south facing roof. The panels will be supported by a frame to improve the alignment.

Following the successful first year of generation from our first scheme, at Nayland School, we are confident that the estimates used in this document are representative of what can be achieved at the Ferriers site and at Bures Primary School.

### **Access and Insurance**

A ground lease contract will be drawn up with the owner of Ferriers Barn and a roof lease contract with the County Council, to secure our use of the land for the solar array, plus the Feed In Tariff for the full 25 year term and to ensure that the system is properly insured.

## Terms & Conditions

This document is issued by Green Energy Nayland, an Industrial & Provident Society for the benefit of the community, incorporated under the Industrial & Provident Society Acts 1965 – 2002. Our registered office is 21 Stoke Road, Nayland, Suffolk, CO6 4JD.

The Rules governing the society can be found on our website at <http://www.greenenergynayland.org.uk/rules.html>

## Shares Offered

In return for your investment you will receive shares in the Society and become a Member.

The subscription price for each share issued by GEN is £1, this is the face value and does not necessarily mean the share is worth £1. The share value may fall but cannot rise.

Existing members are encouraged to increase their investment in GEN.

The interest payable to Members will be determined by the surplus from all projects run by the Society and therefore investments are not tied to any particular project.

The minimum shareholding for which you can apply is £250 (250 Shares at £1 each) and the maximum you can hold is set by law at £20,000. You may apply for any amount between £250 and £20,000. You will need a minimum of £500 if you wish to be eligible for the Enterprise Investment Scheme (EIS), which may have some personal tax benefits.

The Directors are keen to attract Members who are committed to a long term relationship with the society. Individuals, companies and unincorporated organisations are welcome to apply.

Shares cannot be transferred to another person except in the case of death or bankruptcy. The Rules of the Society state that shares can be withdrawn, which means the Society could buy them back. However withdrawals can only be allowed if the financial state of GEN, in the view of the Directors, makes it prudent to do so and there can be no absolute guarantee of recovering your investment. In addition withdrawals will not be allowed during the first three years, which is a legal requirement to allow us to apply for the Enterprise Investment Scheme (see below). In the event of GEN ceasing to trade Members will receive a maximum of £1 for each Share held after creditors have been paid.

## Enterprise Investment Scheme (EIS)

GEN achieved EIS approval for the Nayland School scheme at the 20% rate applicable at that time. Following last years budget, this has been raised to 30%. It is the intention of the Directors to register this new share issue with HMRC's Enterprise Investment Scheme.

Investors in this round of funding will be invited to register their interest and their name and address must be included with our application. If approved by HMRC, GEN will subsequently issue the EIS certificate that can be used to claim income tax relief equal to 30% of their investment. This tax relief can be applied to the current tax or preceding year. It is the responsibility of the Member to indicate that they wish to be included in the EIS submission and to use the EIS certificate to claim their relief.

Prospective investors should seek professional advice on this matter and any other tax issue.

GEN qualifying for EIS cannot be guaranteed.

If our application is accepted, members will need to hold a minimum of 500 shares for at least three years in order to qualify for the tax relief.

## **Communication**

Members will be kept informed of the progress of the society via e-mail, our website and at the Annual General Meeting (AGM). Notice of the AGM will be issued at least 6 weeks in advance by e-mail and posted on the website.

Since all communication will be electronic an e-mail address must be given with each application for Membership.

## **Voting**

The Society is owned by its Members and the Directors will be elected at the Annual General Meeting from within the membership. Each Member has one vote regardless of the size of their shareholding.

Progress of the Society will be reported at the AGM where elections of Directors will take place in accordance with the Rules; there will be no proxy or postal voting.

## **Interest Payments**

In addition to the social benefits of producing renewable energy and thereby helping Ferriers Barn reduce its carbon footprint, investors will receive an interest payment that is similar to the dividends paid on shares in limited companies.

The Directors of the Society will be responsible for recommending the interest rate to be paid from time to time and this will be reviewed by the Members at the AGM. Based on our analysis and experience to date our aspiration is to pay between 4% and 8% interest each year but the Directors cannot guarantee the rate or indeed that interest payments can be made. Interest payments are made without any tax withholding so Members may be liable to income tax on the interest received and it is the responsibility of the Member to declare this income to HMRC.

After maintenance and administrative costs the Directors intend to distribute the great majority of income to investors each year.

## **Further projects**

It is anticipated that further projects in the local area will be found, but the Directors will seek the consent of Members before engaging in such projects at other sites.

## **Risk Factors**

The directors have identified the following risks that may impact the success of the society:

- Changes in Government legislation may affect the scheme;
- The Feed-In Tariff scheme may be reviewed at a future date;
- The amount of electricity actually generated is subject to the hours and intensity of sunlight and may be less than forecast in any given year;
- There may be interruptions to the generation of electricity caused by financial or legal matters;
- There may be interruptions to generation of electricity caused by mechanical / electrical failure of equipment;
- Restrictions may be placed on the ability of GEN to distribute its annual surplus;

The Directors will seek to protect against these risks through prudent management practices.

## **Withdrawal of Shares**

Shares in an IPS cannot be traded and cannot increase in value, but investors wishing to realise the value of the Shares can usually do so through the Withdrawal process, by which the society buys them back.

GEN will allow withdrawals given 90 days notice where the financial position of GEN allows but this will be limited on an annual basis. Withdrawals will be processed in the order that they are received and a minimum of 250 shares must be held in order to retain membership of the society.

The Directors reserve the right to suspend withdrawals whenever the financial position of the Society requires them to do so. There is no guarantee of having your investment repaid.

You should only invest money that you can afford to tie up for a long period.

GEN is not a bank and your investment does not have the benefit of any deposit protection scheme. If in any doubt please take advice from an independent financial advisor.

## **Application for Membership**

You cannot withdraw your application for Shares once GEN has received the completed application form. Any prospective investor should therefore be sure they have the financial means to fulfil their application.

The Directors reserve the right to refuse an application without having to give any reason for the decision. They may decide not to issue any shares or to issue fewer shares than you applied for.

GEN will bank your cheque and acknowledge receipt but will not issue shares until the Directors are certain that the project will proceed. In the event of GEN failing to raise the necessary money or otherwise failing to proceed with the installation of the solar panels within 6 months GEN will return money to the Members. No interest will be paid in this eventuality.

## **Responsibilities of Applicants**

By submission of your application you commit that;

1. your cheque will be honoured
2. if an individual, you are aged over 16 years
3. you have authority to sign the application
4. you will supply GEN with proof of your identity and address if required in order to comply with Money Laundering regulations
5. you agree to be contacted for all purposes by e-mail and to notify GEN if your e-mail address changes
6. you will be bound by the Rules of the Society with respect to your Membership and Share holding

## **Dissolution**

By law GEN is not allowed to sell its assets in the event that the business has to be wound up. This means that you may not recover your investment in full.

At the end of the 25 year term GEN intends to donate the solar systems to the host buildings.

## General Matters

Member's details will be held on a computer database and will only be used for Society business and not disclosed to any third party. GEN will comply with Data Protection regulation and as such Members can request a copy of information held about them.

## Current Directors of GEN

| Name              | Occupation                | Date of Birth              |
|-------------------|---------------------------|----------------------------|
| William Hitchcock | IT Manager                | 31 <sup>st</sup> May 1971  |
| James Finch       | Suffolk County Councillor | 6 <sup>th</sup> July 1947  |
| Jeremy Elden      | Company Director          | 21 <sup>st</sup> June 1958 |
| Simon Gilhooly    | Company Director          | 9 <sup>th</sup> April 1969 |

## Advisors to GEN

Legal: Co-operatives UK

## How to Invest

Complete the application form attached and send together with a cheque made payable to 'Green Energy Nayland' to;

21 Stoke Road,  
Nayland,  
Suffolk,  
CO6 4JD

## Deadline

GEN hope to complete the installation of the solar system before the end of July 2012. Therefore we would appreciate receiving your application by **30<sup>th</sup> June 2012**.

Beyond this date acceptance of applications will be at the Directors discretion.

## Glossary of Terms

|                      |   |
|----------------------|---|
| GEN                  | Green Energy Nayland  |
| Feed in Tariff (FiT) | Incentive introduced through the 2008 Energy Act to provide a guaranteed price per kilowatt hour for renewable energy generation.   |
| Export Tariff        | The component of the FiT based on the amount exported to the National Grid  |
| Generation Tariff    | The component of the FiT based on the actual electricity generated  |
| RPI                  | Retail Price Index  |
| Supplier             | A holder of an Electricity Supply Licence   |
| Withdrawal           | Process by which the society pays the member back some or all (but not more than) the initial price per share and cancels the share |
| Lease Contract       | The contract between GEN and the host building  |
| Member               | Holder of shares in GEN and therefore a Member  |
| EIS                  | Enterprise Investment Scheme. Allows qualifying investors in qualifying companies to reclaim 30% of their investment from HMRC      |
| Shares               | Shares in the society, each having equal rights to interest or other distributions  |
| kWp                  | Kilo Watt peak, peak generation capacity of the solar system  |
| Inverter             | Appliance used to convert the electricity from DC to AC current   |

## Application Form for individuals

I wish to become a member of GREEN ENERGY NAYLAND in accordance with the rules and apply for shares to the value of:

£250       £500       £750       £1,000       Other - £\_\_\_\_\_

### Applicant Details

|             |  |
|-------------|--|
| First Name  |  |
| Family Name |  |
| Address     |  |
| Telephone   |  |
| E-Mail*     |  |

*\* to minimise costs e-mail will be the primary means of communication between the Directors and the membership - we cannot accept applications without a valid e-mail address*

### Agreement

I am at least 16 years old.

I agree to be bound by the terms and Conditions included in the Prospectus and the Rules of Green Energy Nayland.

I understand that the Board of Directors of Green Energy Nayland may reject my Application and does not have to tell me why it has been rejected.

### Date Protection & Money Laundering

The data provided by you on this form will be stored within a computerised database. This data will only be used for GEN purposes and will not be disclosed to a third party. It is a term of the offer that to ensure compliance with the Money Laundering Regulations 2003, GEN may at its absolute discretion require verification of identity of any person seeking to invest.

Signature

Date

*Please send this application along with your cheque to Green Energy Nayland, 21 Stoke Road, Nayland, Suffolk, CO6 4JD.*

## Application Form for Corporate applicants

We wish to become a member of GREEN ENERGY NAYLAND in accordance with the rules and apply for shares to the value of:

£250       £500       £750       £1,000       Other - £ \_\_\_\_\_

### Applicant Details

|                      |  |
|----------------------|--|
| Organisation name    |  |
| Contact name         |  |
| Organisation Address |  |
| Telephone            |  |
| E-Mail*              |  |

*\* to minimise costs e-mail will be the primary means of communication between the Directors and the membership - we cannot accept applications without a valid e-mail address*

### Agreement

We agree to be bound by the terms and Conditions included in the Prospectus and the Rules of Green Energy Nayland.

We understand that the Board of Directors of Green Energy Nayland may reject our Application and does not have to tell us why it has been rejected.

### Date Protection & Money Laundering

The data provided by you on this form will be stored within a computerised database. This data will only be used for GEN purposes and will not be disclosed to a third party. It is a term of the offer that to ensure compliance with the Money Laundering Regulations 2003, GEN may at its absolute discretion require verification of identity of any person seeking to invest.

Signature

Date

*Please send this application along with your cheque to Green Energy Nayland, 21 Stoke Road, Nayland, Suffolk, CO6 4JD.*